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RECORDATION NO. 12376 TELE 2908054

OCT 30 1980 - 3 20 PM

OCTOBER 1980
INTERSTATE COMMERCE COMMISSION

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Interstate Commerce Commission,
12th and Constitution Avenues,
Washington, D.C. 20423.

No. 0-304A012

Date OCT 30 1980

Fee \$ 50.00

ICC Washington, D. C.

Dear Sirs:

Pursuant to the provisions of Section 11303 of the Interstate Commerce Act, as revised and recodified by Public Law 95-473, and the regulations of the Interstate Commerce Commission promulgated thereunder, we are transmitting for filing and recording originals or executed counterparts of an Equipment Lease Agreement dated as of October 20, 1980 (the "Lease"), by and between The First National Bank of Maryland, as lessor, and Illinois Central Gulf Railroad Company, as lessee. This document has not previously been recorded with the Interstate Commerce Commission.

A general description of the equipment covered by the Lease is contained in Exhibit A attached to this letter. The names and addresses of the parties to the transactions are listed below:

The First National Bank of Maryland (Lessor)
First Maryland Building
25 South Charles Street
Baltimore, Maryland 21201

Illinois Central Gulf Railroad Company (Lessee)
2 Illinois Center
233 North Michigan Avenue
Chicago, Illinois 60601

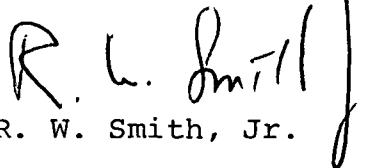
Please accept for recordation two counterparts of the Lease, stamp the remaining counterparts with the appropriate recordation number, and return a copy of the document with your

Interstate Commerce Commission,
October 30, 1980,
Page Two.

fee receipt and letter confirming receipt to my delivery messenger.

The necessary filing and recordation fees for these documents are submitted herewith.

Very truly yours,


R. W. Smith, Jr.

RWSJr:nk
Enclosures

<u>QUANTITY</u>	<u>BUILDER</u>	<u>BUILD DATE/ DELIVERY DATE</u>	<u>NRUC ROAD NUMBERS</u>	<u>BUILDER'S SPECIFICATIONS</u>
40	Berwick (Whittaker)	March 13, 1979	NSL 150575- 150614	C-78-1016-1 (10/16/78)
32	Southern Iron (Evans)	March 15, 1979	NSL 155410- 155441	77-70 (WO 1416) (6/14/77; rev. 10/4/77)
40	Berwick (Whittaker)	March 30, 1979	NSL 150695- 150734	C-78-1016-1 (10/16/78)
40	Berwick (Whittaker)	April 10, 1979	NSL 150735- 150774	C-78-1016-1 (10/16/78)
40	Berwick (Whittaker)	April 17, 1979	HOSC 250000- 250039	C-78-1016-1 (10/16/78)
9	Railfleet (NRUC)	February 14, 1979	NSL 156058- 156066	NRUC
41	Golden Tye Div. (NRUC)	February 14, 1979	NSL 151313- 151353	NRUC
45	Golden Tye Div. (NRUC)	November, 1979	NSL 157015- 157059	NRUC
<hr/> 287				

Lessee Road Numbers

The road numbers which will be assigned to the Boxcars after acceptance under the Lease by the Illinois Central Gulf Railroad Company are ICG 501200 through and including ICG 501486.

Interstate Commerce Commission
Washington, D.C. 20423

10/30/80

OFFICE OF THE SECRETARY

R.W. Smith, Jr.
Piper & Marbury
1100 Charles Center South
36 South Charles Street
Baltimore, Maryland 21201

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 10/30/80 at 3:20pm, and assigned recordation number(s). 9425-Z & 12376

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

Duplicate

12376

RECORDATION NO. Filed 1225

EQUIPMENT LEASE AGREEMENT OCT 30 1980 -3 20 PM

INTERSTATE COMMERCE COMMISSION

Equipment Lease Agreement (this "Lease") dated as of October 20, 1980, by and between THE FIRST NATIONAL BANK OF MARYLAND, a national banking association (the "Lessor"), and ILLINOIS CENTRAL GULF RAILROAD COMPANY, a Delaware corporation (the "Lessee").

W I T N E S S E T H:

The Lessor is in the process of acquiring title to up to 287 70-ton 50-foot 6-inch Class XM boxcars previously financed by the Lessor and Sun Life Insurance Company of America ("Sun Life") for National Railway Utilization Corporation and its subsidiaries ("NRUC"). The Lessor has offered to lease such boxcars to the Lessee, and the Lessee has agreed to lease such boxcars, for the rental and subject to the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises, and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. Unless the context otherwise requires, when used herein, the following terms shall have the following meanings.

1.01. "Basic Rent" shall mean the fixed rent payable in respect of each Item of Equipment pursuant to Section 4.01 of this Lease.

1.02. "Basic Rent Payment Date" shall mean the dates specified in Section 4.01 hereof on which an installment of Basic Rent is due and payable.

1.03. "Boxcars" shall mean the 287 70-ton 50-foot 6-inch Class XM boxcars financed by the Lessor and Sun Life for NRUC, as further described on Exhibit A attached hereto.

1.04. "Business Day" shall mean any day other than a Saturday, Sunday or any holiday on which banks are authorized by law to close in the State of Maryland.

1.05. "Casualty Occurrence" shall have the meaning set forth in Section 15.02 hereof.

1.06. "Casualty Value" shall have the meaning set forth in Section 15.03 hereof.

1.07. "Certificate of Acceptance" with respect to any Item or Items shall mean a certificate of acceptance, substantially in the form attached hereto as Exhibit B, to be delivered to the Lessor by the Lessee, evidencing the acceptance of such Item or Items by the Lessee pursuant to Section 2 of this Lease.

1.08. "Cut-Off Date" shall mean the date specified in Section 2.06 hereof as the last day on which the Boxcars may be delivered to the Lessee.

1.09. "Equipment" shall mean any and all of the Boxcars delivered by the Lessor, accepted by the Lessee by a Certificate of Acceptance executed pursuant to this Lease and

bearing the Lessee road numbers set forth on Exhibit A attached hereto.

1.10. "Event of Default" shall have the meaning specified in Section 18 hereof.

1.11. "Immediately Available Funds" shall mean collected funds immediately available to the recipient thereof.

1.12. "Item" or "Item of Equipment" shall mean each separate unit of Equipment.

1.13. "Lease Expiration Date" shall have the meaning set forth in Section 5 hereof.

1.14. "Lessor's Designated Representative" shall mean Bruce McCall, Arthur E. Jones, Jr. or any other representative designated in writing by the Lessor.

1.15. "Lessee's Designated Representative" shall mean R. C. Wiese, P. C. Doyle or any other representative designated in writing by the Lessee.

2. Delivery and Repair of Equipment.

2.01. Inspection and Acceptance. The Lessor will deliver the Boxcars to which it may acquire title to the Lessee at the Lessee's railroad yard at Centralia, Illinois. The Lessee agrees that it will inspect each of the Boxcars promptly after delivery and that the Lessee's Designated Representative will advise the Lessor's Designated Representative by telephone of the estimated cost of repainting,

renumbering and repairing such Boxcars in the manner required by Section 2.02 of this Lease. Such verbal estimate immediately will be confirmed through a telecopy, telex, telegram or letter (first class mail, postage prepaid) in the form attached hereto as Exhibit C sent or delivered to the Lessor's Designated Representative. The Lessor's Designated Representative shall either approve or disapprove such estimated cost and authorize or refuse authorization of the repainting, renumbering and repairing of such Boxcars, and, as evidence of any such approval or disapproval, shall advise one of the Lessee's Designated Representatives by telephone and execute and return to such representative by first class mail the telecopy, telex, telegram or letter confirming such estimated cost.

2.02. Certificate of Acceptance; Repair of Equipment. Upon receipt of telephonic authorization from the Lessor to repaint, renumber and repair any Boxcars, the Lessee will (i) execute and deliver a Certificate of Acceptance, dated the date of such approval, covering such Boxcars and indicating that such Boxcars have become Items of Equipment covered by this Lease and setting forth the Lessee road numbers applicable thereto, (ii) repaint such Items of Equipment with its colors and railroad markings, (iii) number and mark each such Item of Equipment with the road number specified with respect thereto in the applicable Certificate of Acceptance, (iv) cause each such Item of Equipment to be

plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each such Item of Equipment in letters of not less than 1 inch in height with the words "Leased from The First National Bank of Maryland, as Owner" and (v) repair and maintain each such Item of Equipment so that it is in good operating order, condition and repair and conforms to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to railroad equipment of the same character.

The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment shall conclusively establish that, as between the Lessor and the Lessee, without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against NRUC or the manufacturer of such Item of Equipment, such Item of Equipment is acceptable to and accepted by the Lessee under this Lease for all purposes hereof, notwithstanding any wear or tear to such Item of Equipment or any repairs which the Lessee will be required to make pursuant to the terms hereof and notwithstanding any defects with respect to the design, manufacture, or condition of such Item of Equipment.

2.03. No Minimum. Although this Lease contemplates the delivery by the Lessor to the Lessee of up to 287 of the Boxcars, the Lessee acknowledges that the Lessor has made

no representations, warranties, covenants or agreements as to the Lessor's ability to deliver such Boxcars and that the Lessor's ability to deliver such Boxcars is dependent upon factors outside of the control of the Lessor, including, without limitation, the consummation of appropriate arrangements between the Lessor and NRUC and its creditors and between the Lessor and Sun Life. The Lessee also expressly acknowledges that this Lease, and the Lessee's obligation hereunder, is not conditional upon the delivery by the Lessor of any minimum number of Boxcars, and the Lessee agrees to accept for delivery and lease pursuant to the terms of this Lease such number of Boxcars as the Lessor may be able to deliver.

2.04. Transportation of Cars; Risk of Loss.

The Lessee recognizes that delivery of the Boxcars to the Lessee's yard will require transportation of the Boxcars over the railroad lines of the Lessee and its affiliates, and the Lessee agrees to cooperate with and assist the Lessor in arranging for the most efficient and least expensive means of transportation of such Boxcars over such railroad lines. The Lessee also agrees that the charges to the Lessor by the Lessee and its affiliates for transportation of the Boxcars over such railroad lines will be at rates to be agreed upon by the Lessee and the Lessor; however such rates shall not in any event be greater than the rates specified in Rule 5(b) of the Interchange Rules of the Association of American Railroads.

At all times during which the Boxcars are located on the railroad lines of the Lessee and its affiliates (including the Lessee's railroad yard in Centralia, Illinois), and regardless of whether such Boxcars are accepted under and become subject to the terms of this Lease, the Lessee shall be responsible for all risk of loss with respect to the Boxcars, and will keep such Boxcars insured at its cost for the initial Casualty Value thereof in the manner required by, and in accordance with the terms and conditions of, Section 15.01 hereof.

2.05. Payment for Repainting and Repairs. The cost of repainting, renumbering and repairing the Equipment in the manner contemplated by Section 2.02 shall be for the account of the Lessor and the Lessee shall upon completion of such repainting, renumbering and repair tender to the Lessor an invoice specifying the actual cost applicable to each Item of Equipment. For purposes of the foregoing, the actual cost charged by the Lessee for any service will be equal to the charges specified for such service by the then current guidelines of the Association of American Railroads for charges between operating railroads, subject, however, to the limitation that the charges for any such services will not in any event be greater than (i) the original estimated cost therefor provided by the Lessee or (ii) the amount charged by the Lessee to other third party owners of boxcars, including operating railroads, for the same service. Payment of the invoices by the Lessor may, at its option, be made through direct payment to the Lessee or through a credit against the Basic Rent

payments payable by the Lessee to the Lessor pursuant to the provisions of Section 4.01 hereof.

2.06. Cut-Off Date. All Boxcars must be delivered to the Lessee prior to June 1, 1981 and the Lessee will not be required to accept any Boxcars delivered after that date.

3. Conditions; Effectiveness of Lease. It shall be a condition of the obligation of the Lessor to lease the Items of Equipment covered by any Certificate of Acceptance delivered hereunder that each of the following shall be satisfied as of the date of such Certificate of Acceptance:

(a) all of the Lessee's representations and warranties set forth in Section 6 of this Lease shall be true and correct on and as of the date of such Certificate of Acceptance;

(b) no Event of Default or event which, with the giving of notice or passage of time or both, would be an Event of Default, shall have occurred and be continuing hereunder; and

(c) there shall not have occurred any material adverse change in or damage to the business or financial condition of the Lessee and its subsidiaries or any change which impairs or could impair the ability of the Lessee to perform its obligations under this Lease.

Upon satisfaction of the foregoing conditions and delivery of a Certificate of Acceptance, the Items of Equipment described therein shall become subject to the terms and provisions of this Lease, and Basic Rent shall begin to accrue and shall become payable in respect of such Items of Equipment, and the Lessee shall be entitled to the use and enjoyment of the Equipment in the manner provided herein.

4. Rentals and Payment Dates.

4.01. Rent for Equipment. The Lessee agrees to pay to the Lessor Basic Rent in the amount of \$795.00 per Item of Equipment per quarter, in arrears. Such Basic Rent shall be payable on the last day of March, June, September and December in each year commencing with March 31, 1981 through and including the Lease Termination Date. No Basic Rent will be payable with respect to the period ending December 31, 1980. The Basic Rent payable with respect to any Item covered by a Certificate of Acceptance delivered within the three months prior to any Basic Rent Payment Date shall be prorated and paid only for such portion of such three-month period as shall precede such Basic Rent Payment Date. If any of the Basic Rent Payment Dates is not a Business Day, the Basic Rent otherwise payable on such date shall be payable on the next succeeding Business Day.

4.02. Place and Manner of Rent Payment. Except as otherwise expressly provided herein, all payments of Basic

Rent, and any other payments required to be made by the Lessee under this Agreement, shall be made to the Lessor at or before 12 o'clock noon Baltimore, Maryland, local time, on the due dates thereof, by wire transfer of Immediately Available Funds to the principal office of the Lessor at the address provided in Section 23.01 hereof.

4.03. Net Lease. This Lease is a net lease, and the Lessee's obligation to pay the Basic Rent and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances, and, without limiting the generality of the foregoing, except as expressly authorized in Section 2.05 hereof, the Lessee shall not be entitled to any abatement, recoupment or adjustment of the Basic Rent or reduction thereof or setoff against the Basic Rent, including, but not limited to, abatements, recoupments, adjustments, reductions or setoffs due to any past, present or future claims or defenses of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 20 hereof; nor shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction or requisitioning by condemnation or otherwise of part or all of the Equipment, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this

Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Basic Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 15 hereof, or until, pursuant to Section 17 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to such Item of Equipment, including the return, transportation and storage thereof, have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each payment of Basic Rent or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 20 hereof for any reason whatsoever.

5. Term of the Lease. The term of this Lease as to each Item of Equipment shall begin on the date of the execution by the Lessee and delivery to the Lessor of a Certificate of

Acceptance relating to such Item of Equipment and, subject to the provisions of Sections 15, 18 and 22 hereof, shall expire on December 31, 1995 (the "Lease Expiration Date").

6. Lessee's Representations and Warranties. The Lessee hereby represents and warrants to the Lessor as follows:

6.01. Corporate Organization and Authority.

The Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; has all requisite power and authority and all necessary licenses and permits to own and operate its properties, to carry on its business as now conducted, and to enter into this Lease and perform its obligations and agreements hereunder; and is duly licensed or qualified and is in good standing as a foreign corporation in each jurisdiction in which the conduct of its business or the ownership of its properties makes such qualification necessary or in which such qualification is necessary to carry out the terms of this Lease.

6.02. Valid Contract. This Lease has been duly authorized, executed and delivered by the Lessee and constitutes the legal, valid and binding obligation of the Lessee, enforceable in accordance with its terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally.

6.03. Financial Statements.

(i) The consolidated balance sheet of the Lessee and its subsidiaries as of March 31, 1980, and the consolidated statement of income and retained income for the fiscal year

ended on said date have been prepared in accordance with generally accepted accounting principles consistently applied, and present fairly the financial position of the Lessee and its subsidiaries on a consolidated basis as of such date and the results of operations of the Lessee and its subsidiaries on a consolidated basis for such period.

(ii) Since March 31, 1980, there has been no material adverse change in the condition, financial or otherwise, or results of operations of the Lessee and its subsidiaries.

6.04. Full Disclosure. The financial statements referred to in Section 6.03 hereof do not, nor does any written statement furnished by the Lessee to the Lessor in connection with the negotiation of this Lease, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading. There is no fact peculiar to the Lessee which the Lessee has not disclosed to the Lessor in writing which materially affects adversely nor, so far as the Lessee can now foresee, will materially affect adversely the properties, business, prospects, profits or condition (financial or otherwise) of the Lessee and its subsidiaries.

6.05. Pending Litigation. There are no proceedings pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee or any of its subsidiaries in any court or before any governmental authority or arbitration board or tribunal which, if determined in a manner adverse to

the Lessee or its subsidiaries, would materially and adversely affect the business or financial condition of the Lessee and its subsidiaries taken as a whole or the Lessee's ability to perform its obligations under this Lease. Neither the Lessee nor any of its subsidiaries is in default with respect to any order of any court or governmental authority or arbitration board or tribunal.

6.06. Corporate Authority; No Conflict with Certificate of Incorporation, Etc. The execution and delivery by the Lessee of this Lease and the compliance by the Lessee with all of the provisions hereof:

(i) are within the corporate powers of the Lessee; and

(ii) will not violate any provisions of any law or any order of any court or governmental authority or agency and will not conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or By-Laws of the Lessee or any indenture, mortgage, conditional sale, loan or credit agreement, lease or other instrument to which the Lessee is a party or by which it or its properties may be bound or result in the imposition of any liens or encumbrances on any property of the Lessee.

6.07. Third Party Defaults. The Lessee and each of its subsidiaries are not in default in the payment of principal of or interest on any indebtedness for borrowed money, or the payment of rent under any long-term rental obligation. The Lessee and each of its subsidiaries are not in default under any instruments or agreements covering or relating to any indebtedness for borrowed money or in default under the provisions of any long-term rental obligation under which the Lessee or any such subsidiary is the lessee, and no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

6.08. No Existing Defaults Under the Lease. No Event of Default as defined in this Lease has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default as herein defined.

6.09. Governmental Approvals. No consent, approval or authorization of any governmental authority is required on the part of the Lessee in connection with the execution and delivery of this Lease or the performance of its obligations hereunder and the Lessee has complied, and will comply, with all applicable provisions of law requiring the designation, declaration, filing, registration and/or qualification with any governmental authority in connection with the execution and delivery of this Lease and the performance

of its obligations hereunder. This Lease will be duly filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303. Such filing and recording will protect the Lessor's interest in and to the Items of Equipment and no further filing or recording (or giving of notice) with any other Federal, state or local government is necessary in order to protect the interest of Lessor in and to such Items.

6.10. Title. No mortgage, deed of trust or other lien of any nature whatsoever which now covers or effects any property or interest therein of the Lessee, now attaches or hereafter will attach to any Item of Equipment or interest of the Lessee therein (other than to the extent that any such mortgage, deed of trust or lien may attach to the leasehold estate of the Lessee under this Lease), or in any manner affects or will affect adversely the right, title and interest of the Lessor therein.

6.11. Taxes. All Federal income tax returns required to be filed by the Lessee and its subsidiaries have been filed, and all taxes which are shown to be due and payable in such returns have been paid. No controversy in respect of additional income taxes due is pending or to the knowledge of the Lessee threatened, which controversy will materially and adversely affect the Lessee's ability to perform its obligations under this Lease. The provisions for taxes on the books

of the Lessee and its subsidiaries are adequate for all open years, and for their current fiscal period.

6.12. Common Carrier. The Lessee is a "common carrier" within the meaning of Section 3(a)(6) of the Securities Act of 1933, as amended.

7. Documents Delivered by Lessee. Contemporaneously with the execution hereof, the Lessee will deliver to Lessor the following:

7.01. Opinions of Counsel. A favorable written opinion of Lessee's counsel addressed to Lessor, in form and substance satisfactory to Lessor and its counsel, as to the matters set forth in Sections 6.01, 6.02, 6.05, 6.06, 6.09 and 6.12 of Section 6 of this Lease, and such counsel shall also opine to the effect that: (i) the Lease creates a valid leasehold interest in each Item of Equipment and, except for the recording of the Lease with the Interstate Commerce Commission as provided in Section 14.01 hereof, no action, including the filing or recording of any document, is necessary to establish and perfect the Lessor's title to and interest in each such Item of Equipment as against the Lessee and any third parties, (ii) under 49 U.S.C. Section 11303 no refiling or rerecording in the United States of America with respect to this Lease is necessary to maintain Lessor's title to and interest in each Item of Equipment as against the Lessee and any third parties, and (iii) such other matters incident to the transactions contemplated by this Lease as Lessor may

reasonably request. Insofar as such opinion of counsel relates to the enforceability of any instrument, such opinion may be expressly subject to all applicable bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally.

7.02. Resolutions of Board. Resolutions of the Board of Directors of the Lessee certified by its Secretary or Assistant Secretary, authorizing the lease of the Equipment under this Lease and the execution and delivery of this Lease.

8. Ownership and Marking of Equipment.

8.01. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee. The Lessee shall have no right, title or interest in or to the Equipment except as expressly set forth in this Lease, notwithstanding any filing by the Lessor of a financing statement or statements or a security interest filing for informational purposes. The Lessee shall not have any equity in the Equipment by virtue of this Lease or by virtue of any payments made by or for the account of the Lessee hereunder, Lessee's interest in the Equipment being only that of a lessee.

Neither the Lessee nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take action or file any tax returns or other documents inconsistent with the foregoing.

8.02. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in the applicable Certificate of Acceptance and will keep and maintain at all times, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from The First National Bank of Maryland, as Owner"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 20 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor by the Lessee and filed, recorded or deposited at the Lessee's expense in all public offices where this Lease shall have been filed, recorded or deposited.

8.03. Prohibition Against Certain Designations.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

9. Disclaimer of Warranties. THE LESSEE ACKNOWLEDGES THAT IT IS LEASING THE EQUIPMENT BEING LEASED HEREUNDER ON AN AS-IS BASIS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY THE LESSOR, THE LESSOR EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee,

as their respective interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers of the Equipment; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

10. Lessee's Indemnity.

10.01. Scope of Indemnity. The Lessee shall protect, defend, indemnify and keep and save harmless the Lessor and any assignee of the Lessor pursuant to Section 20 hereof and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any and all claims, actions, suits, damages, liabilities, fines, penalties, costs or expenses (including, without limitation, counsel fees and costs in connection therewith) which may be asserted against, imposed upon, or incurred in any manner by or for the account of any of them or their respective agents or servants (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, subleasing, maintenance, return, storage or other disposition of any Item of Equipment or as a result of the use, maintenance, repair (including any repair by the Lessee pursuant to Section 2 hereof), replacement, operation or the condition thereof (whether such defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or

omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copy-right infringements, or (iv) as a result of claims for negligence or strict liability in tort.

The indemnities and assumptions of liabilities set forth in this Section 10.01 do not guarantee to any party at any time a residual value in the Equipment. Any payment made by the Lessee hereunder shall be in an amount which, after taking into account all taxes imposed upon the Lessor or other recipient thereof by reason of the receipt thereof under the laws of any taxing authority shall be equal to the amount which the Lessee shall then be obligated to pay to the Lessor or such other recipient under this Section 10.01; provided, however, that any such reimbursement shall be reduced by an amount equal to the reduction in taxes resulting from any deduction by the indemnified person of the liabilities or payments with respect to which such reimbursement is made.

10.02. Continuation of Indemnities and Assumptions.

The indemnities and assumptions of liability contained in this Section 10 shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and

assumptions of liability shall not apply in respect of any matters referred to in subsection (a) of Section 10.01, or to clause (i) or (iii) of subsection (b) of Section 10.01 to the extent relating to repairs, replacements or modifications made after the expiration of this Lease, or to clause (iv) of subsection (b) of Section 10.01, occurring after the termination of this Lease, except for any such matters attributable to, or arising or accruing during, the term of this Lease, and except for any such matters occurring after the expiration or earlier termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 17 or 19, as the case may be. The Lessee shall promptly notify the Lessor of any matter which may give rise to a claim or liability against the Lessor or any assignee thereof pursuant to Section 20 hereof and the Lessee thereupon shall assume full responsibility for the defense of any such claim or liability; however, the Lessor (and any such assignee) shall have the right, but not the obligation, to defend any such matter, but in the event that the Lessor does defend such matter, the Lessee shall have the right to be represented by advisory counsel and shall be kept fully informed of such action at all stages thereof and shall have the right to approve the manner in which such defense is made (which approval shall not be unreasonably withheld). The Lessor shall have the same right to advisory counsel in the event that the Lessee defends the claim or liability.

11. Rules, Laws and Regulations. The Lessee agrees to comply with all laws, ordinances, regulations, requirements

and rules, governmental or otherwise, [including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and, to the extent applicable, the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time (the "Interchange Rules")] with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense.

12. Use and Maintenance of Equipment. The Lessee shall use the Equipment solely in the conduct of its business and only in the manner for which it was designed and intended so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, at all times during the term of this Lease, keep, maintain, service and repair the Equipment to the same extent as the Lessee would, in the prudent management of its properties, maintain, service and repair similar equipment owned by the Lessee, and in any event to the extent required to maintain the Equipment in as good operating condition as when repaired by the Lessee pursuant to Section 2.02(v) hereof, ordinary wear and tear excepted, and in compliance with any applicable requirements of law or of

any foreign, federal, state or local governmental authority having jurisdiction. Except as required by the provisions of Section 11 hereof, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor and any assignee pursuant to Section 20 hereof, which approval shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 11 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 12 shall be considered accessions to such Item of Equipment and title thereto shall be and is hereby immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

If requested by the Lessor, the Lessee will deliver to the Lessor at its own cost and expense such documents as may be necessary or appropriate to perfect, evidence or confirm the

vesting of title in the Lessor to any parts installed on the Equipment or any alterations, additions, replacements and/or modifications made to the Equipment pursuant to this Section or Section 11 hereof.

13. Liens on the Equipment. The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien, encumbrance or charge upon any Item of Equipment, and any liens, encumbrances or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens, encumbrances or charges which arise by virtue of claims against, through or under any other party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor in and to the Equipment or the security interest or other rights of any assignee under Section 20 hereof. The Lessee's obligations under this Section 13 shall survive the expiration or earlier termination of this Lease.

14. Filing; Payment of State and Local Taxes.

14.01. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee

will cause this Lease to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. Section 11303 and in such other places within or without the United States as the Lessor may reasonably request and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of protecting the Lessor's title to any Item of Equipment to the satisfaction of the Lessor's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

14.02. Payment of State and Local Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and any assignee of the Lessor pursuant to Section 20 hereof and their respective successors and assigns (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to any Impositions as hereinafter defined. As used in this

Section 14.02, "Impositions" shall mean any local, state, Federal or foreign taxes, assessments or license fees and any charges, fines or penalties in connection therewith which are imposed on or measured by this Lease or the receipt of sums pursuant hereto or any sale, rental, operation, use, storage, possession, payment, leasing, subleasing, shipment, delivery or transfer of title in respect of the Equipment under the terms of this Lease, provided that Impositions shall not include as to each respective Indemnatee: (i) United States Federal income tax liability and, to the extent that any respective Indemnatee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnatee, payable by any respective Indemnatee in consequence of the receipt of payments provided herein; and (ii) the aggregate of all franchise and income taxes measured by the net income based on such receipts, up to the amount in the aggregate of any such income and franchise taxes which would be payable to the state and city in which such Indemnatee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided. The Lessee agrees to pay, on demand, any and all Impositions. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnatee solely by reason of its interest with respect

thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnatee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and has created such reserves for payment as are required under generally accepted accounting principles, and the nonpayment thereof does not, in the reasonable opinion of the Indemnatee, adversely affect or endanger the title and interest of the Lessor in and to the Equipment or the security interest or other rights of any assignee under Section 20 hereof. If any Impositions are charged or levied against any Indemnatee directly, the Indemnatee shall give the Lessee written notice thereof and such Impositions shall be paid directly by the Lessee. If such Impositions shall not have been paid on the earlier of the due date therefor or ten (10) Business Days after written notice thereof was provided to the Lessee and the Impositions are not being contested by the Lessee in the manner and subject to the limitations set forth in the preceding sentence, the Indemnitees may pay such Impositions and the Lessee promptly shall reimburse the Indemnatee making such payment for the amount of such payment, together with supplemental rent as provided in Section 23.02 hereof, on presentation of an invoice therefor.

In the event any reports with respect to Impositions are required to be made on the basis of Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnatee in such Items of Equipment or, if it shall not be permitted to file the same, the Lessee will use its best efforts to notify each Indemnatee of such reporting requirements, provide all information necessary for the preparation and filing of such reports in such manner as shall be satisfactory to each Indemnatee and deliver the same to each Indemnatee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Impositions accrue or become payable or are levied or assessed (or are attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 14.02, such liability shall continue, notwithstanding the expiration or termination of this Lease or any failure by the Indemnitees to provide any notice required hereunder, until all such Impositions are paid or reimbursed by the Lessee.

15. Insurance, Payment for Casualty Occurrence.

15.01. Insurance. The Lessee agrees that it will at all times after acceptance of an Item of Equipment pursuant to a Certificate of Acceptance, and at all times during the term of this Lease and during any return and

storage period hereunder, at its own cost and expense, keep each such Item of Equipment insured against loss by fire, collision, derailment, and explosion and with extended coverage and against such other risks as are customarily insured against by railroad companies at not less than the Casualty Value of such Item of Equipment as of the next Basic Rent Payment Date therefor and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit maintained by the Lessee with respect to similar equipment which it owns or leases. Any such property insurance may have deductible provisions to no greater extent than are customary with railroad companies in the aggregate in any single occurrence, and any public liability insurance may have deductible provisions to no greater extent than are customary with railroad companies in the aggregate in any single occurrence. All such insurance shall cover the interests of the Lessor, any assignee of the Lessor pursuant to Section 20 and the Lessee, as their respective interests may appear, in the Equipment or, as the case may be, shall protect the Lessor, any assignee and the Lessee, in respect of risks arising out of the condition, maintenance, use, ownership, operation or disposition of the Equipment and shall name the Lessor and any assignee as additional insureds and loss payees to the extent of their respective interests. All policies of insurance maintained

pursuant to this Section shall provide therein or by endorsement that not less than 30 days' (or such lesser number of days as is consistent with industry practice) prior written notice of cancellation, termination (including non-renewal) or modification shall be given to the Lessor and any assignee pursuant to Section 20. As to the interest of the Lessor or any assignee therein, such insurance shall provide that it will not be invalidated by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein or by any change in the title to or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. The Lessee warrants and affirms that it will satisfy all obligations under such policy necessary to keep such insurance in full force and effect. No such policy shall require co-insurance. Upon receipt by the Lessee of notice of any assignment of this Lease pursuant to Section 20 hereof, the Lessee shall cause the property insurance on the Equipment to provide that the proceeds, if any, shall be payable to the assignee under a standard mortgage loss payable clause satisfactory to the Lessor and the applicable assignee. To the extent permitted by the terms of the applicable insurance coverage, the loss under the above mentioned policies shall be adjusted with the Lessee, provided that the Lessor shall be kept fully informed with respect thereto and provided

further that the Lessee shall at all times protect the rights of the Lessor hereunder. The Lessee shall further furnish the Lessor and any assignee pursuant to Section 20 hereof with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates or binders evidencing such renewal as soon as practicable but in no event later than 90 days after the expiration date of the original policy or policies. All insurance provided for in this Section shall be placed with insurance companies or insurers of recognized responsibility having all necessary power and authority to furnish the required coverage.

With respect to proceeds received under any property insurance, it is agreed as between the Lessor and the Lessee that:

(i) In the case of all insurance proceeds received as the result of the occurrence of a Casualty Occurrence with respect to any Item of Equipment so much of such payments as shall equal the sum of (i) the Casualty Value of such Item of Equipment required to be paid by the Lessee pursuant to Section 15.03 hereof and (ii) any Basic Rent and any other amounts then due and owing by Lessee hereunder with respect to such Item of Equipment shall be applied, first, in reduction of the Lessee's obligation to pay such Basic Rent and other sums, if any, then due and owing and, second, in reduction of the Lessee's obligation to pay such Casualty Value if not already

paid by the Lessee, or if already paid by the Lessee, to reimburse the Lessee for its payment of such Casualty Value; and, subject to Section 23.04 of this Lease, the balance, if any, of such payments remaining thereafter shall be paid over to, or retained by, the Lessee; and,

(ii) Subject to Section 23.04 of this Lease, the proceeds of any insurance for damage to any Item of Equipment not constituting a Casualty Occurrence shall be applied in payment of the repair of such damage to the extent required to maintain such Item in accordance with Sections 11 and 12 hereof, if such repair shall not have already been paid for by the Lessee, and any balance remaining after compliance with said Sections 11 and 12 hereof shall be paid over to, or retained by the Lessee. In making such payment, the Lessor may require submission of evidence by the Lessee of the completion of such repairs and the applicable cost thereof.

15.02. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged or permanently rendered unfit for use from any cause whatsoever at any time after the execution of a Certificate of Acceptance covering such Item and throughout the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 17 or 19 hereof, or title or use thereof shall be requisitioned or taken by any governmental authority under the power of

eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee thereof pursuant to Section 20 hereof in writing in regard thereto and shall pay the Casualty Value of such Item in accordance with the terms of Section 15.03 hereof.

15.03. Casualty Value; Payment. The Lessee, on the next succeeding Basic Rent Payment Date following its determination that a Casualty Occurrence has taken place with respect to any Item of Equipment (or, in the event that the Casualty Occurrence occurs prior to January 2, 1981, on January 2, 1981), shall pay to the Lessor (i) any Basic Rent or other sums due prior to or on such date then remaining unpaid, plus (ii) a sum equal to the Casualty Value of such Item of Equipment. For purposes of the foregoing, the Casualty Value shall be the the casualty value for such Basic Rent Payment Date set forth in the Schedule of Casualty Values attached hereto as Exhibit D.

15.04. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 15.03 hereof in respect of any Item or Items of Equipment, the

obligation to pay the Basic Rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay the Basic Rent for all other Items of Equipment.

15.05. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied (including, without limitation, those representations and warranties expressly disclaimed in Section 9 hereof). As to each separate Item of Equipment so disposed of, the Lessee may, so long as the Casualty Value thereof has been paid to the Lessor and no Event of Default, or event which with the giving of notice or the lapse of time, or both, would constitute an Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence plus any requisition or condemnation payments or awards. The Lessee shall provide to the Lessor evidence satisfactory to the Lessor that each separate Item of Equipment so disposed of has been permanently retired from service and is no longer under the control of or being used by the Lessee. In disposing of such Item or Items

of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have as a result of such disposition from or connected with such Item of Equipment. Upon the Lessee's request, the Lessor shall provide the Lessee with a bill of sale or any other documents reasonably necessary and consistent with this Section 15.05 for the Lessee's disposition of the Items suffering a Casualty Occurrence.

15.06. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 15 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the execution of a Certificate of Acceptance and continuing until payment of the Casualty Value and all Basic Rent and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

15.07. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the then remaining

term of this Lease, the Lessee's obligation to pay all installments of Basic Rent and other sums shall continue for the duration of such requisitioning or taking. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for such requisition or taking of possession.

16. REPORTS AND INSPECTION RIGHTS.

16.01. Equipment Reports. On May 1, 1982 and on each May 1st thereafter during the term of this Lease, the Lessee will furnish to the Lessor and any assignee of the Lessor pursuant to Section 20 hereof an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the location, condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 8 hereof shall have been preserved or replaced.

16.02. Lessor's Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 20 hereof each shall have the right, at their respective sole cost and expense, by their respective authorized representatives, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm the existence and proper maintenance of the Equipment during the continuance of this Lease.

16.03. Financial Statements. The Lessee shall provide to the Lessor and any assignee pursuant to the provisions of Section 20 hereof the following:

(a) As soon as available and in any event within 90 days after the end of each quarterly period, except the last, of each fiscal year, a consolidated balance sheet of the Lessee as at the end of such period and a consolidated statement of income and retained earnings of the Lessee for the period beginning on the first day of such fiscal year and ending on the date of such balance sheet, the consolidated income statement setting forth comparative figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified by the principal financial officer of the Lessee;

(b) As soon as available and in any event within 120 days after the last day of

each fiscal year, a copy of the Lessee's annual audited report, including consolidated balance sheet, consolidated income statement and consolidated statement of retained earnings of the Lessee, which statements will have been certified by a firm of independent public accountants of recognized standing selected by the Lessee;

(c) Within the period provided in subparagraph (b) above, a certificate, signed by the principal financial officer of the Lessee, to the effect that the signer thereof is familiar with the terms and provisions of this Lease and that at the date of said certificate he is not aware of any default in compliance by the Lessee with any of the covenants, terms and provisions of this Lease, or if the signer is aware of any such default, he shall disclose in such certificate the nature thereof and the nature of the action the Lessee is taking or proposes to take with respect thereto;

(d) At the written request of the Lessor or any such assignee copies of each quarterly and annual reports (Form R-1) filed by the Lessee with the Interstate Commerce Commission; and

(e) Such additional information as the Lessor or any such assignee may reasonably request concerning the Lessee, in order to enable such party to determine whether the covenants, terms and provisions of this Lease have been or will be complied with by the Lessee.

17. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, forthwith deliver possession of such Item of Equipment to the Lessor, in the condition in which it is required to be maintained pursuant to Sections 11 and 12 of this Lease, upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days after the date of delivery of possession in compliance with the foregoing and transport the same at any time within such 90-day period to any reasonable place on any railroad lines operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 15 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it,

including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same to insure that each such Item is in the condition required by Sections 11 and 12 hereof; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease, including any rental, per diem, or other similar charge received therefor, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the higher of (i) \$8.83, or (ii) the Fair Rental Value (determined in the manner

provided in Section 22.02(b) hereof) for such Item for each day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

18. DEFAULT.

18.01. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment when due of the Basic Rent or Casualty Value and such default shall continue for five days;

(b) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, not permitted by this Lease;

(c) The Lessee shall fail to carry or maintain the insurance required by Section 15 hereof;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained in this Lease and such default shall continue for 30 days after written notice thereof from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(e) Default shall be made by the Lessee in respect of any indebtedness, note, loan

agreement, lease agreement or other agreement between the Lessee and the Lessor or any subsidiary (direct or indirect) or affiliate of the Lessor;

(f) Any representation or warranty made by the Lessee herein, or in any statement or certificate furnished to the Lessor pursuant to or in connection with this Lease, is untrue in any material respect as of the date of issuance or making thereof;

(g) Any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), or any petition for reorganization or other relief shall be filed by or against the Lessee under the Bankruptcy Reform Act of 1978 (or any act in replacement thereof or supplementary thereto), and: (i) such proceedings or petition shall not have been dismissed,

nullified, stayed or otherwise rendered ineffective within sixty (60) days after such proceedings or petition shall have been commenced or filed, or if dismissed, nullified, stayed or rendered ineffective, such dismissal, nullification, stay or rendering ineffective shall have been rescinded or terminated, and (ii) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings or petition in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers within 30 days after such appointment or 60 days after such proceedings or petition shall have been commenced or filed, whichever shall be earlier; and

(h) The Lessee shall cease to be a "railroad" as defined in Section 101(33) of the Bankruptcy Reform Act of 1978 (or as defined in any act in replacement thereof or supplementary thereto), and an entity which is such a "railroad" shall not have assumed the Lessee's obligations hereunder as an assignee, successor or transferee permitted by Section 21.02 hereof.

18.02. Remedies. If any Event of Default has occurred, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 20 hereof, such assignee, at its option, may declare this Lease to be in default and may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of its applicable covenants, agreements and obligations under this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may, without liability to the Lessee, by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatsoever, but the Lessor shall nevertheless have a right

to recover from the Lessee any and all amounts of Basic Rent which may have accrued to the date of such termination (computing the Basic Rent for any number of days less than a full rental period by multiplying the Basic Rent for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify:

(x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all Basic Rent for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed

in each case on a basis of a seven per cent (7%) per annum discount, compounded quarterly from the respective dates upon which Basic Rent would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the Basic Rent Payment Date on or immediately preceding the date of termination over the amount the Lessor reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall thereupon pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the Basic Rent Payment Date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses,

other than for a failure to pay Basic Rent after the date of such termination, in addition thereto which the Lessor shall have incurred or sustained by reason of the breach of any covenants, agreements or obligations of the Lessee under this Lease, including, without limitation, reasonable attorneys' fees, all costs of collection and any expenses relating to the repossession, storage, transportation and disposal of the Equipment.

For purposes of this Section 18.02, the Fair Rental Value and Fair Market Value for any Item of Equipment shall be determined in the manner provided for appraisal arrangements specified in Section 22.02(b) hereof; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

18.03. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. Except as expressly provided in Section

2.05 hereof, the Lessee hereby waives any and all existing or future claims of any right to assert any setoff, claim or defense against the Basic Rent or other payments due under this Lease, and agrees to make the Basic Rent or other payments regardless of any setoff, claim or defense which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

18.04. Lessor's Failure to Exercise Rights.

The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the Events of Default or other contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such Event of Default or other contingency or the occurrence of any similar Event of Default or other contingency.

18.05 Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, promptly upon any responsible officer becoming aware of any condition or event which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition or event and the nature and status thereof. For the purposes of this Section 18.05 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee contained in this Lease, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

19. Return of Equipment Upon Default.

19.01. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 20 hereof shall terminate this Lease pursuant to Section 18 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select; provided that in the event the Lessor shall designate storage tracks which are then unavailable either because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Lessee to provide storage therefor or because the storage of the Items of Equipment on such tracks would materially impair the ability of the Lessee to meet its obligations to perform services as a common carrier to the public, then the Lessee agrees to so store the Items of Equipment upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by the Lessor;

(b) permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor and during such period of storage the Lessee shall continue to maintain all insurance required by Section 15 hereof; and

(c) transport the Equipment to any place on the lines of railroads operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing..

All amounts earned in respect of the Equipment after the date of termination of this Lease, including the rental, per diem, or other similar charge received therefor (but not including freight charges relating to cargo shipped therein), shall belong to the Lessor, or in the event this Lease has been assigned pursuant to Section 20 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or to such assignee for each

day thereafter an amount equal to the amount, if any, by which the higher of (i) \$8.83, or (ii) the Fair Rental Value (determined in the manner provided in Section 22.02(b) hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

19.02. Specific Performance. The maintenance, assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants and agreements of the Lessee so to maintain, assemble, deliver, store and transport the Equipment.

19.03. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 19, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

20. Assignments by Lessor. This Lease and all Basic Rent and all other sums due or to become due hereunder

may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the Basic Rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title or the failure of the Lessor to afford the right of quiet enjoyment to the Lessee, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the Basic Rent and other sums which are the subject matter

of the assignment, (ii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor and (iii) the Lessee will execute such documents as reasonably may be requested by the Lessor to perfect any assignment pursuant to this Section 20 and further evidence the assignment by the Lessor hereunder and the rights of the assignee under the Lease.

It is understood and agreed that the right, title and interest of any such assignee in, to and under this Lease and the Basic Rent and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

21. Use and Possession.

21.01. Lessee's Rights to the Equipment. Except as hereinafter provided in this Section 21.01, the Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment.

So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee and any of its affiliates shall be entitled to the possession and use of the Items of Equipment in accordance with the terms of this Lease, and the Lessee may also (a) furnish the Items of Equipment or any part

thereof to other Class I railroad companies for use upon the lines of railroad owned or operated by them or over which they have trackage rights and upon the lines of connecting and other carriers in the usual interchange of traffic, or (b) lease all or any part of the Items of Equipment to any Class I railroad company, but only, in either case, upon and subject to all the terms and conditions of this Lease and to all rights of the Lessor hereunder.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled (subject to the rights of the Lessor referred to in the next sentence) to the possession of the Items of Equipment included in such sublease and the use thereof, and subject to the provisions of Section 8 hereof, may provide for lettering or marking upon such Items of Equipment for convenience of identification of the leasehold interest of such sublessee therein. Every such sublease shall have a term which does not extend beyond the Lease Expiration Date and shall be (and shall include express terms setting forth that it is) subject to the rights of the Lessor under this Lease in respect of the Items of Equipment covered thereby, including, without limitation, the rights of the Lessor upon the occurrence of an Event of Default hereunder. The Lessee shall provide a copy of such sublease to the Lessor for its review at least fifteen days prior to its execution.

Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease assign or permit the

assignment of any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States, and the Lessee agrees that the use of the Equipment outside the continental United States shall be de minimus. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liabilities or obligations under this Lease which shall be and remain those of a principal and not a guarantor or surety.

21.02. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 21 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of any Item of Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor or surety.

22. Right of First Refusal; Renewal Option.

22.01. Right of First Refusal. Unless an Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, at any time within two years after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 22.02 hereof, at any time within one year after the end of such renewal term) sell, transfer or otherwise dispose of an Item or Items of Equipment unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing to purchase such Item or Items of Equipment;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the Item or Items of Equipment to be purchased, the proposed purchase price or prices, the proposed date of purchase and all other material terms and conditions of such purchase, and (ii) offering to sell such Item or Items of Equipment to the Lessee upon the same terms and conditions as those set forth in such notice; provided that in the event such proposal is in respect of more than one Item of Equipment, the Lessee must purchase all such Items of Equipment as a group; and

(c) the Lessee shall not have notified the Lessor, within 15 days following receipt of such notice, of its election to purchase such Item or Items of Equipment upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Item or Items of Equipment, the Lessor may sell such Item or Items of Equipment at a price and upon other terms and conditions no less favorable to the Lessor than those specified in such notice. If the Lessee does elect to purchase such Item or Items of Equipment, closing shall take place as soon as practicable thereafter (but in no event earlier than thirty (30) days after the date of the original notice from the Lessor to the Lessee or later than the proposed date of closing set forth in such original notice) and this Lease (including the obligation to pay the Basic Rent) shall, if necessary, be extended upon the terms and conditions set forth herein until the date of such purchase. If the Lessee shall fail to close with respect to any purchase in the manner required by this Section 22.01, in addition to any other rights and remedies available to the Lessor, the Lessor shall no longer be bound by the terms of this Section 22.01.

Notwithstanding the foregoing provisions of this Section 22.01, the Lessor may, if the Lessee has not renewed this Lease pursuant to Section 22.02 hereof, lease any or all Items of Equipment at any time after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 22.02 hereof, at the end

of such renewal term) without first offering to lease the Item of Equipment to the Lessee.

22.02. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for two additional renewal terms of two years each upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the rent payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment and that the Casualty Value payable for and during any such renewal term in respect of any Item of Equipment suffering a Casualty Occurrence during such term shall be an amount equal to the higher of (i) the Fair Market Value of such Item of Equipment as of the beginning of such renewal term, or (ii) the Casualty Value set forth on Exhibit D for the final Basic Rent Payment Date. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 22.02; and

(b) The Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would be obtained in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession), and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If on or before 120 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 120-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 90 days prior to the date of

commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

22.03. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 22, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 17 hereof.

23. Miscellaneous.

23.01. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed by first class certified mail, postage prepaid, addressed as follows:

If to the Lessor: The First National Bank of
Maryland
25 South Charles Street
Baltimore, Maryland 21201
Attention: Bruce McCall, Vice
President

If to the Lessee: Illinois Central Gulf Railroad
Company
Two Illinois Center
233 North Michigan Avenue
Chicago, Illinois 60601
Attention: Treasurer

or addressed to any such party at such other address as such party shall hereafter furnish to such other party in writing.

23.02. Payments on Overdue Amounts. Anything to the contrary herein contained notwithstanding, any nonpayment when due of the Basic Rent, Casualty Value or any other sums payable hereunder, or the nonpayment of amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay, as supplemental rent, an amount equal to 15% per annum (or the lawful rate, whichever is less) on the overdue Basic Rent, Casualty Value and other sums payable hereunder and amounts expended for the period of time during which they are overdue or expended and not repaid.

23.03. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants, agreements or conditions herein contained, either the Lessor or, in the case of an assignment by the Lessor pursuant to Section 20 hereof, the assignee thereunder, may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by

the Lessee to the party making the same upon demand by such party as additional rent hereunder, with supplemental rent as provided in Section 23.02 hereof.

23.04. Lessor Payments. Payment of any amounts which may become payable by the Lessor to the Lessee, from time to time, pursuant to the provisions of this Lease, is subject to the implied condition precedent that no Event of Default (or any event which after lapse of time or giving of notice, or both, would constitute an Event of Default) shall then have occurred and be continuing. Such amounts shall not be paid to the Lessee in the event the existence of an Event of Default (or of any event which after lapse of time or the giving of notice, or both, would constitute an Event of Default) and shall be held by the Lessor as security for all obligations of the Lessee under this Lease, and either applied by the Lessor to the satisfaction of such obligations, or paid to the Lessee, as and when the Lessor in the exercise of its discretion may decide.

23.05. Execution in Counterparts. This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts shall constitute but one and the same instrument. The single executed original of this Lease marked "Original" shall be the "Original" and all other counterparts hereof shall be marked and be "Duplicates." To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable

jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the "Original."

23.06. Entire Agreement. This Lease (including all Exhibits and supplements annexed hereto or referred to herein) forms the entire agreement between the parties with respect to the subject matter hereto, and no term or provision of this Lease or such Exhibits or supplements may be changed, waived, discharged or terminated except by an instrument in writing signed by all parties hereto. This Lease shall be binding upon and enforceable against and inure to the benefit of the parties hereto and their respective successors and assigns.

23.07. Law Governing. This Lease shall be construed in accordance with the laws of the State of Maryland; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

23.08. Headings. All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

23.09. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

23.10. Order of Application. Any amounts received or recovered by the Lessor in satisfaction of the Basic Rent and other damages and expenses set forth in Section 18.02 of this Lease may be applied against specific items of such Basic Rent, damages and expenses in whatever order the Lessor may desire, notwithstanding any contrary designation by the Lessee.

23.11. Miscellaneous. All agreements, indemnities, covenants, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease. Where appropriate, each reference in this Lease to the singular of any term shall include the plural and each reference to the plural of any term shall include the singular.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

THE FIRST NATIONAL BANK
OF MARYLAND

By B. McLeod

ILLINOIS CENTRAL GULF RAILROAD
COMPANY

By D. E. Graham

[CORPORATE SEAL]

ATTEST:

W. H. Sanders
Assistant Secretary

State of Maryland)
City of Baltimore) SS

On this 23rd day of October, 1980, before me personally appeared Bruce McCall, to me personally known, who being by me duly sworn, says that he is a Vice President of The First National Bank of Maryland, a national banking association, that said instrument was signed ~~and sealed~~ on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

[NOTARIAL SEAL]

Maryann Paulick
Notary Public

My commission expires: 7/1/82

State of ~~Ill~~ Illinois)
City of Chicago) SS

On this 21st day of October, 1980, before me personally appeared G. E. Konker, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of Illinois Central Gulf Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that

said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Virginia R. Shanderson
Notary Public

My commission expires:

May 4, 1984

Exhibit B
to
Equipment Lease Agreement

CERTIFICATE OF ACCEPTANCE NO. _____

TO: THE FIRST NATIONAL BANK OF MARYLAND (the "Lessor")

THE UNDERSIGNED, a duly appointed and authorized representative of ILLINOIS CENTRAL GULF RAILROAD COMPANY (the "Lessee") under the Equipment Lease Agreement dated as of October , 1980 (the "Lease") between the Lessor and the Lessee, does hereby certify on behalf of the Lessee that the boxcars identified on Schedule I attached hereto (i) have been inspected by the Lessee in the manner required by the Lease and have been conclusively accepted by the Lessee thereunder, (ii) have been assigned the Lessee road numbers indicated on such Schedule I, and (iii) have for all purposes become "Items of Equipment" covered by, and subject to, the terms of the Lease. The undersigned does further certify on behalf of the Lessee that the Items of Equipment covered by this Certificate of Acceptance will be repainted, renumbered and repaired in the manner required by Section 2.02 of the Lease and will be maintained by the Lessee at all times throughout the term of the Lease in the manner required thereby.

In connection with the foregoing, and as an inducement to the Lessor to accept this Certificate of Acceptance and lease the boxcars covered hereby to the Lessee, the undersigned does hereby represent and warrant on behalf of the Lessee to the Lessor that:

(a) the representations and warranties of the Lessee as set forth in Section 6 of the Lease are true and correct on and as of the date hereof and are expressly reaffirmed hereby;

(b) the Lessee has satisfied or complied with all requirements set forth in the Lease to be satisfied or complied with on or prior to the date hereof;

(c) no Event of Default or event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default, has occurred and is continuing;

(d) the Lessee has obtained, and there are in full force and effect, such insurance policies with respect to the Items of Equipment covered by this Certificate of Acceptance required to be obtained under the terms of the Lease; and

(e) since the date of the Lease, there has not been a material adverse change in or damage to the business or financial condition of the Lessee and its subsidiaries or any change which impairs or could impair the ability of the Lessee to perform its obligations under the Lease.

This Certificate of Acceptance shall be construed in accordance with the laws of the State of Maryland; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Lease.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Acceptance as of the day of
19 .

ILLINOIS CENTRAL GULF
RAILROAD COMPANY

By _____

SCHEDULE I TO
CERTIFICATE OF ACCEPTANCE NO. _____

Description of Equipment

<u>Quantity</u>	<u>Manufacturer</u>	<u>Description</u>	NRUC Road <u>Number(s)</u>	Lessee Road <u>Number(s)</u>
-----------------	---------------------	--------------------	----------------------------------	------------------------------------

[Date]

Exhibit C
to
Equipment Lease Agreement

[Form of telecopy, telex, telegram or letter]

Referring to the Equipment Lease Agreement dated as of October , 1980, and confirming previous telephonic advice provided to you, please be advised that the Illinois Central Gulf Railroad Company estimates that the cost of repainting, renumbering and repairing the boxcars identified below in the manner required by Section 2.02 of such Equipment Lease Agreement is as set forth below.

Boxcars to be
Repaired (by
NRUC Road Number)

Estimated Cost

If the foregoing costs are acceptable to you, please sign and return a copy of this written estimate.

Very truly yours,

ILLINOIS CENTRAL GULF RAILROAD
COMPANY

By _____
Authorized Representative

Approved by:

THE FIRST NATIONAL BANK OF MARYLAND

By _____
Authorized Representative

Date _____

EXHIBIT A
TO
EQUIPMENT LEASE AGREEMENT.

<u>QUANTITY</u>	<u>BUILDER</u>	<u>BUILD DATE/ DELIVERY DATE</u>	<u>NRUC ROAD NUMBERS</u>	<u>BUILDER'S SPECIFICATIONS</u>
40	Berwick (Whittaker)	March 13, 1979	NSL 150575- 150614	C-78-1016-1 (10/16/78)
32	Southern Iron (Evans)	March 15, 1979	NSL 155410- 155441	77-70 (WO 1416) (6/14/77; rev. 10/4/77)
40	Berwick (Whittaker)	March 30, 1979	NSL 150695- 150734	C-78-1016-1 (10/16/78)
40	Berwick (Whittaker)	April 10, 1979	NSL 150735- 150774	C-78-1016-1 (10/16/78)
40	Berwick (Whittaker)	April 17, 1979	HOSC 250000- 250039	C-78-1016-1 (10/16/78)
9	Railfleet (NRUC)	February 14, 1979	NSL 156058- 156066	NRUC
41	Golden Tye Div. (NRUC)	February 14, 1979	NSL 151313- 151353	NRUC
45	Golden Tye Div. (NRUC)	November, 1979	NSL 157015- 157059	NRUC
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287				

Lessee Road Numbers

The road numbers which will be assigned to the Boxcars after acceptance under the Lease by the Illinois Central Gulf Railroad Company are ICG 501200 through and including ICG 501486.

SCHEDULE OF CASUALTY VALUES

The casualty value for any Item of Equipment payable on each Basic Rent Payment Date shall be as follows:

<u>Basic Rent Payment Date</u>	<u>Casualty Value</u>
1981	
1*	35,115
2	35,005
3	34,880
4	34,745
1982	
5	34,595
6	34,435
7	34,265
8	34,080
1983	
9	33,890
10	33,685
11	33,470
12	33,240
1984	
13	33,005
14	32,760
15	32,505
16	32,245
1985	
17	31,965
18	31,680
19	31,385
20	31,080
1986	
21	30,765
22	30,435
23	30,100
24	29,755
1987	
25	29,400
26	29,030
27	28,650
28	28,255
1988	
29	27,855
30	27,440
31	27,025
32	26,580

Basic Rent
Payment Date

Casualty Value

1989	
33	26,195
34	25,615
35	25,140
36	24,655
1990	
37	24,155
38	23,645
39	23,125
40	22,590
1991	
41	22,040
42	21,470
43	20,895
44	20,305
1992	
45	19,700
46	19,085
47	18,460
48	17,825
1993	
49	17,180
50	16,525
51	15,860
52	15,195
1994	
53	14,575
54	13,895
55	13,205
56	12,505
1995	
57	11,790
58	11,075
59	10,355
60 and thereafter	9,600

*In the event of a Casualty on or before January 2, 1981, the casualty value on January 2, 1981 shall be \$35,150.